

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
APRIL 5, 2022**

ITEM 2

SUBJECT

CONSIDERATION OF A PROPOSED RESOLUTION TO DELEGATE AUTHORITIES FOR THE ADMINISTRATION OF GENERAL FUND ALLOCATIONS FOR DROUGHT EMERGENCY SUPPORT

DISCUSSION

On October 19, 2021, the Governor expanded existing state of emergency proclamations to include all counties in the State of California. Current drought conditions are anticipated to continue through 2022.

Senate Bill (SB) 129 (Stats. 2021, ch. 69) added Item 3940-105-0001 to Section 2.00 of the Budget Act of 2021. This item appropriated \$10 million from the General Fund to address emergency drinking water needs throughout the State. On July 20, 2021, the State Water Board adopted a resolution that authorized the Deputy Director of the Division of Financial Assistance (DFA) to administer these funds, and all funds have been committed to projects.

In March 2022, the State Water Board was provided an augmentation of \$6 million from the General Fund, pursuant to Control Section 11.85 of the Budget Act of 2021, for emergency drinking water funding to support interim and permanent solutions for drinking water, drought, and water outage emergencies. DFA staff propose to use these funds to augment existing well repair and replacement programs, implemented by nonprofit organizations, with services available for disadvantaged communities and low-income households statewide.

The Governor's Budget for 2022/23 also includes \$25 million for drought emergency funding, which may be utilized to support community water systems, small water systems, and domestic well communities.

Given the significant projected need for additional drinking water funding for drought emergency support, DFA staff are proposing authorizing the Deputy Director of DFA to administer not only the current \$6 million allocation, but also future General Fund allocations appropriated prior to June 30, 2023 and designated for drinking water emergency funding for interim or permanent solutions, up to a maximum of \$100 million. This authorization would allow DFA to deploy resources quickly and respond appropriately to near-term urgent drinking water needs.

POLICY ISSUE

Should the State Water Board:

1. Authorize the Deputy Director of DFA to approve or deny emergency drinking water funding requests that will be funded with General Fund allocations appropriated prior to June 30, 2023, up to a maximum of \$100 million, including \$6 million in funds allocated consistent with Control Section 11.85 of the Budget Act of 2021?
2. Authorize the Deputy Director of DFA to execute agreements, amendments, and other instruments to pay in advance, expend funds on behalf of public water systems, and disburse funds pursuant to the above, and to perform all acts and to do all things necessary and convenient to implement such agreements?

FISCAL IMPACT

Control Section 11.85 of the Budget Act of 2021 did not include administrative costs or authority to hire additional DFA staff. DFA will redirect staff from other funding programs to administer the \$6 million allocation as well as any future appropriations, unless authority to hire new staff is included in the future. Safe and Affordable Drinking Water Fund cash balances are adequate to cover projected expenditures for staff costs.

REGIONAL BOARD IMPACT

Eligible projects statewide may be funded by emergency drought allocation and will require collaboration and engagement between DFA and Division of Drinking Water Districts and, in some cases, with the Regional Water Quality Control Boards.

STAFF RECOMMENDATION

Staff recommends that the State Water Board adopt the proposed Resolution.